

Delta Property Fund Limited
(formerly Tuffsan 89 Investment Holdings Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2002/005129/06)
Share code: DLT ISIN: ZAE000172052
("Delta")

ANNOUNCEMENT REGARDING THE ACQUISITION OF LETTING ENTERPRISES AND PROPERTIES

1. Introduction

Delta linked unit holders are advised that Delta ("the Purchaser"), has entered into various agreements for the acquisition of five properties ("the Properties") as detailed below ("the Acquisitions"):

1. an agreement with PRB Properties Proprietary Limited for the purchase of the property and letting enterprise commonly known as "Damelin House", situated at 325 Anton Lembede Street, Durban, KwaZulu Natal for a purchase price of R49 823 600;
2. an agreement with TiradeProps 115 Proprietary Limited for the purchase of the property and letting enterprise commonly known as "SARS Randburg", situated at the corner of Hill and Kent Street, Randburg, Gauteng for a purchase price of R93 000 000;
3. an agreement with Strategic Property Partnership for the purchase of the property and letting enterprise commonly known as the "CMH Building", situated at 196-206 Pixley ka Seme Street and 119-123 Monty Naicker Street, Durban, KwaZulu Natal for a purchase price of R53 684 200;
4. an agreement with MYK Family Trust for the purchase of the property and letting enterprise commonly known as "Samora House", situated at 2 Samora Machel Street and Margaret Mncadi Avenue, Durban, KwaZulu Natal for a purchase price of R62 971 428; and
5. an agreement with Vukile Property Fund Limited for the purchase of the property and letting enterprise commonly known as the "Embassy Building", situated at the corner of Anton Lembede and Samora Machel Streets, Durban, KwaZulu Natal for a purchase price of R238 000 000.

The effective date of the Acquisitions will be the date of fulfilment of the conditions precedent as set out in paragraph 5 below, which are expected to be on or about 1 May 2013.

2. Rationale for the Acquisitions

In line with Delta's strategy of actively pursuing investment opportunities that will enhance the overall quality and value of its portfolio, the Acquisitions represent attractive investments and extend Delta's diversification to SARS, non-government and industrial tenants. The Acquisitions have potential strategic opportunities to enhance the yield going forward.

3. Consideration for the Acquisitions

The total purchase consideration for the Acquisitions is R500 100 331 (five hundred million one hundred thousand and three hundred and thirty one Rand) which includes costs in the amount of R2 621 103 (two million six hundred and twenty one thousand, one hundred and three Rand)

in respect of the Acquisitions ("the Purchase Price"), in addition the Purchaser will be liable for the transfer duty.

The Purchase Price will be settled in cash upon registration of transfer of the Properties into the name of Delta, and will be financed through a combination of debt financing and new equity raised from new and/or existing linked unitholders. The new equity will form part of the fundraising referred to in the announcement released on SENS on 07 February 2013.

4. **Conditions precedent**

The Acquisitions are subject to, *inter alia*, the fulfilment or waiver of the following suspensive conditions:

- 4.1 The completion by Delta of a due diligence investigation of the Properties, to the extent required;
- 4.2 The boards of directors and shareholders of the Vendors approving the Acquisitions, to the extent required;
- 4.3 The counter-parties to the lease agreements in respect of the Properties consenting in writing to the assignment of all of the respective vendors' rights and obligations under the leases to Delta;
- 4.4 Competition Commission approval (to the extent required);
- 4.5 Delta providing written confirmation of a letter of finance and or confirmation that it has arranged for sufficient equity on such terms and conditions as are acceptable to the respective vendors; and
- 4.6 Approval of the Acquisitions by Delta's board of directors.

5. **Unaudited *pro forma* financial effects of the Acquisitions**

The unaudited *pro forma* financial effects of the Acquisitions on net asset value and net tangible asset value per unit have not been disclosed as they are not significant.

6. **Forecast information on the Properties**

The forecasts have been prepared on the assumption that the Acquisitions will be implemented on 1 May 2013 and include forecast results for the 10 months ending 28 February 2014 and the year ending 28 February 2015.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the board of directors of Delta. The forecasts have not been reviewed or reported on by the independent reporting accountants.

The forecasts presented in the tables below have been prepared in accordance with Delta's accounting policies and in compliance with IFRS.

Summarised forecast in respect of Damelin House:

	Forecast 10 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	4,385	5,710
Straight-line rental income accrual	936	719
Total revenue	5,322	6,429
Net operating profit	3,002	3,591
Net profit after tax	689	539
Distributable earnings attributable to linked unitholders	2,045	2,843

Contracted revenue is based on existing lease agreements. 100% of the revenue for this property is contracted.

Summarised forecast in respect of the SARS Randburg Building:

	Forecast 10 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	8,737	11,133
Straight-line rental income accrual	-	-
Total revenue	8,737	11,133
Net operating profit	4,392	5,798
Net profit after tax	32	42
Distributable earnings attributable to linked unitholders	4,349	5,740

Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this portfolio amounts to 10% and 100% for the years ending 28 February 2014 and 2015, respectively.

Summarised forecast in respect of the CMH Building:

	Forecast 10 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	4,781	6,099
Straight-line rental income accrual	638	468
Total revenue	5,419	6,567
Net operating profit	2,801	3,351
Net profit after tax	475	358
Distributable earnings attributable to linked unitholders	2,141	2,854

Contracted revenue is based on existing lease agreements. 100% of the revenue for this property is contracted.

Summarised forecast in respect of the Samora House:

	Forecast 10 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	6,896	8,882
Straight-line rental income accrual	288	(261)
Total revenue	7,184	8,621
Net operating profit	3,760	4,391
Net profit after tax	232	(155)
Distributable earnings attributable to linked unitholders	3,437	4,606

Contracted revenue is based on existing lease agreements. 100% of the revenue for this portfolio is contracted.

Summarised forecast in respect of the Embassy Building:

	Forecast 10 months ending 28 February 2014 R'000	Forecast 12 months ending 28 February 2015 R'000
Rental income	30,753	41,448
Straight-line rental income accrual	279	(94)
Total revenue	31,032	41,353
Net operating profit	10,570	15,438
Net profit after tax	275	44
Distributable earnings attributable to linked unitholders	10,189	15,377

Contracted revenue is based on existing lease agreements. Uncontracted revenue in respect of this property amounts to 24% and 83% for the years ending 28 February 2014 and 2015, respectively.

7. Specific information relating to the Properties

Details regarding the Properties are set out below:

Properties	Property description/ location	Sector	Gross lettable area m ²	Single or multi tenanted	Weighted average gross rental per m ² ⁽¹⁾ R	Annualised property yield	Purchase price R	Value ^{(2) (3)} R
Damelin House	Durban, KwaZulu Natal	Office	3,933	Single	103.25	9.50%	50,061,363	50,061,363
SARS Randburg	Johannesburg, Gauteng	Office	8,496	Single	103.60	9.70%	93,552,767	93,552,767
CMH Durban	Durban, KwaZulu Natal	Industrial	10,974	Single	38.73	9.50%	53,935,982	53,935,982
Samora House	Durban, KwaZulu Natal	Office (Government)	6,920	Single	100.32	9.10%	63,411,832	63,411,832
Embassy Building	Durban, KwaZulu Natal	Office (Government)	32,369	Multi	73.04	8.90%	239,138,387	239,138,387
Total							500,100,331	500,100,331

Notes:

1. Based on net rental income for the 12 month period from the anticipated date of transfer, assuming the Properties are fully let.
2. No independent valuation has been carried out and the value of the Properties of R500 100 331 was arrived at by the management company, MPI Property Asset Management Proprietary Limited.
3. After taking into account transfer fees, commission and other costs of R2 621 103.
4. The annualised property yield on the Embassy Building of 8.90% has assumed zero rental on the current vacant space which amounts to 21% of the total GLA.

8. Categorisation

The Acquisitions are regarded as a Category 2 transaction in terms of the JSE Limited Listings Requirements.

19 February 2013

Johannesburg

Investment bank and sponsor
Nedbank Capital